

AGEM Index

Association of Gaming Equipment Manufacturers

January 2013

The AGEM Index started the year on a positive note with an 8.8-percent increase from December 2012. The composite index was 147.66 by the close of January 2013, representing an increase of 11.93 points from the prior month. January marks the third consecutive month in which the index reported an increase from the prior period. The latest performance is attributable to 15 of the 17 global gaming manufacturers reporting month-over-month increases in stock price. Global Cash Access (GCA) and Konami (KNM) were the only companies to report declines.

The broader stock markets also started off the year well. NASDAQ ended January at 3,142.13, up 4.1 percent from the end of December. The S&P 500 fared slightly better, increasing 5.0 percent month-to-month to 1,498.11. Meanwhile, the Dow Jones Industrial Average reported the greatest increase of the three. The market ended the month at 13,860.58, representing a 5.8-percent increase from the end of December. A temporary solution to the pending fiscal cliff at year-end helped to boost valuations across the board.

Selected positive contributors to the January 2013 AGEM Index included the following:

- WMS Industries (WMS) reported a stock price of \$24.75, up 41.4 percent, and contributed 3.51 points as a result of its announced buy-out by Scientific Games.
- Lottomatica (LTO) contributed 2.59 points, due to its 5.8-percent increase in stock price to €18.20.
- Aristocrat Technologies (ALL) reported a 17.8-percent increase in stock price to AUD\$3.71 and contributed 2.24 points to the index.

Selected negative contributors included the following:

- Konami (KNM) contributed negative 1.15 points, due to a 6.1-percent decline in stock price to \$21.06.
- With a stock price of \$7.55, down 3.7 percent, Global Cash Access (GCA) contributed negative 0.12 points.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Jan-13	Dec-12	Jan-12	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	3.00	2.81	0.67	6.76	347.76	0.37
Aristocrat Technologies	ASX: ALL (AU\$)	3.71	3.15	2.45	17.78	51.43	2.24
Astro Corp.	Taiwan: 3064 (NT\$)	38.50	33.80	43.65	13.91	(11.80)	0.07
Bally Technologies	NYSE: BYI (US\$)	48.16	44.71	42.22	7.72	14.07	0.96
Daktronics, Inc.	Nasdaq: DAKT (US\$)	11.86	11.08	10.94	7.04	8.41	0.22
Gaming Partners International	Nasdaq: GPIC (US\$)	7.58	6.86	6.43	10.50	17.88	0.04
Global Cash Access	NYSE: GCA (US\$)	7.55	7.84	5.30	(3.70)	42.45	(0.12)
IGT	NYSE: IGT (US\$)	15.37	14.17	15.93	8.47	(3.52)	2.17
INTRALOT S.A.	ATHEX: INLOT (€)	2.07	1.96	0.83	5.61	149.40	0.27
Konami	NYSE: KNM (US\$)	21.06	22.42	26.57	(6.07)	(20.74)	(1.15)
Lottomatica (GTECH)	MILAN: LTO.MI (€)	18.20	17.20	12.80	5.81	42.19	2.59
Multimedia Games	Nasdaq: MGAM (US\$)	16.94	14.71	7.53	15.16	124.97	0.46
Scientific Games Corporation	Nasdaq: SGMS (US\$)	8.89	8.67	11.19	2.54	(20.55)	0.12
SHFL Entertainment	Nasdaq: SHFL (US\$)	14.80	14.50	12.79	2.07	15.72	0.11
Transact Technologies	Nasdaq: TACT (US\$)	8.04	7.22	8.10	11.36	(0.74)	0.05
Wells-Gardner Electronics	AMEX: WGA (US\$)	2.03	1.78	2.07	14.04	(1.93)	0.02
WMS Industries	NYSE: WMS (US\$)	24.75	17.50	21.89	41.43	13.07	3.51
Change in Index Value							11.93
AGEM Index Value: December 2012							135.73
AGEM Index Value: January 2013							147.66

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The gaming market in Macau is continuing to grow. In 2012, revenues reached a record \$38 billion, up 14 percent from the prior year. In 2013, analysts are projecting a growth rate of 11 to 13 percent. In addition, the market is expected to be positively impacted by the completion of a light-rail system that will connect Macau to interior China and attract more visitors to the casinos. With strong market position and outlook for Macau, operators continue to seek out opportunities to increase their presence in the region, a trend that bodes well for gaming equipment suppliers.

Las Vegas Sands completed Sands Cotai Central's Earth Tower at the end of January, adding 2,067 rooms to the resort and bringing the total to 3,896. Now that the resort is fully operational, it will be granted an additional 200 tables, bringing the total to 400. Las Vegas Sands is one of two properties that will be granted additional tables this year. Another 50 will be installed at Galaxy Macau.

Now that Wynn Resorts has completed the stabilization work on the site for its future property on the Cotai Strip and received all necessary approvals from regulators, it will be starting construction on the resort in days. The company plans to spend \$3.5 to \$4.0 billion on the project with completion expected by the end of 2016. The resort will include 2,000 hotel rooms, 1,000 slot machines, 500 gaming tables, 10 restaurants,

convention space, a spa, a nightclub and an eight-acre lagoon.

Earlier this month, MGM China received government approval for a casino on the Cotai Strip, but several construction approvals are required. Assuming the project moves forward, it is expected the \$2.5 billion casino would open by mid-2016. It will include a 1,600-room hotel, 500 gaming tables and 2,500 slot machines.

Melco Crown Entertainment is also building a casino on the Cotai Strip, called Studio City. The company recently secured a loan for \$1.4 billion to complete the project, which is expected to open in mid-2015. Melco Crown will spend \$2.9 billion to develop the property and when completed it will have 500 gaming tables and approximately 1,500 slot machines, assuming government approval is received.

International casino-resort development activity bodes well for an industry that continues to compete for traditional equipment sales opportunities along with the possibilities provided by Internet-based gaming. For many, investments in research and development today are expected to pay dividends in an ever-changing business environment. These opportunities will be important to monitor on a go-forward basis.



The AGEM Index

The Association of Gaming Equipment Manufacturers (AGEM) produces the monthly AGEM Index that comprises 17 global gaming suppliers throughout the world. A total of 12 suppliers are based in the United States and are listed on the NYSE, Nasdaq, or AMEX, while two trade on the Australian exchange, one supplier trades on the Athens exchange, one trades on the Milan exchange, and another trades on the Taiwan OTC exchange. The index is computed based on the month-end stock price (adjusted for dividends and splits) of each company and weighted based on approximation of market capitalization. Market capitalizations for manufacturers trading on foreign exchanges have been converted to US dollar-equivalents as of month-end for comparability purposes. The AGEM Index is based on a 100-point value as of January 2005.

About AGEM

AGEM is an international trade association representing manufacturers of electronic gaming devices, systems, and components for the gaming industry. The Association works to further the interests of gaming equipment manufacturers throughout the world. Through political action, tradeshow partnerships, information dissemination and good corporate citizenship, the members of AGEM work together to create benefits for every company within the organization. Together, AGEM and its member organizations have assisted regulatory commissions and participated in the legislative process to solve problems and create a positive business environment.

AGEM Index

The AGEM index and overview is prepared by Applied Analysis (AA). AA is a Nevada-based advisory services firm providing consultation services for public and private entities. The company utilizes extensive experience in economics, information technology and finance to provide a wide range of services, including urban economic consulting, financial advisory services, market analysis, public policy analysis, hospitality industry and gaming consulting, and information system and technology consulting.



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AGEM Membership Roster

AGEM Gold Members:

- Aristocrat Technologies
- Aruze Gaming America
- Austrian Gaming Industries
- Bally Technologies
- International Game Technology (IGT)
- Intralot S.A.
- Konami Gaming
- Lottomatica/ GTECH / Spielo International
- Scientific Games
- SHFL Entertainment
- Video Gaming Technologies (VGT)
- WMS Gaming

AGEM Silver Members: Action Gaming, American Gaming Systems (AGS), Casino Technology, Gaming Partners International, JCM Global, MEI, Multimedia Games, Ortiz Gaming, Suzo-Happ Group, TCSJohnHuxley, Wells-Gardner Electronics and Zitro.

AGEM Bronze Members: Abbiati Casino Equipment, AC Slots (ACS), Acres 4.0, Ainsworth Game Technology, Alfastreet, Astro Corp., Bingotimes Digital Technology, Cadillac Jack, Cammegh Limited, Cantor Gaming, CastNET, Cole Kepro International, Crane Payment Solutions/ CashCode/ Money Controls, Diamond Game, DigiDeal, Euro Games Technology (EGT), Galaxy Gaming, Gaming Support, Glory (U.S.A) Inc., Incredible Technologies, Inspired Gaming, Interblock USA, ISMS, Iverson Gaming Systems, JPM International, Jumbo Technology, Matsui Gaming Machine Co., Modern Gaming, Patriot Gaming & Electronics, Quixant Ltd., Reel Games and Table Trac.

AGEM Associate Members: 3M Touch Systems, Advantech-Innocore, Arrow International, Assurance Ltd., BBIN, Carmanah Signs, Casino Enterprise Management, Cooper Levenson, CSA Group, Cybertec Gaming Systems, Daktronics, Digital Instinct, DiTronics Financial Services, DynaGraphic Printing, Elite Casino Products, Esterline Advanced Input Systems, EWA Cyber Security, Eurocoin, Flextronics, Fox Rothschild, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Gemaco Inc., Genesis Interactive Technologies, Global Cash Access, Global Gaming Group (G3), Grand Products Nevada, Greenberg Traurig, Hanco Technologies, Howard & Howard, IDX, Impact LCD, Intel, IPS, James Industries, JCS Technologies, KEY-BAK, Kontron, Leap Forward Gaming, Lewis & Roca, Lincoln Industries, Litemax Technology, Metalcraft, Outpost Creative, Phelps Dunbar, Portwell, Proforma GPS, Rainmaker, Reel TV, Regulatory Management Counselors (RMC), Renewable Creative, Rye Park Gaming, SCA Gaming, Southwest Fabricators, Spin Games, Strategy9, StylGame USA, Talent Associates, The Bright Group, Tournament One, TOVIS, TransAct Technologies, Veridocs, Wrex Products and Young Electric Sign Company (YESCO).